



OFFICE OF
INSURANCE COMMISSIONER

3790 08/12/98 \$75,000.00

OLYMPIA OFFICE:
INSURANCE BUILDING
P.O. BOX 40255
OLYMPIA, WA 98504-0255
Phone: (360) 753-7300

In the Matter of:

EQUITABLE LIFE INSURANCE
COMPANY OF IOWA

An Authorized Insurer

) No. D 98-38
) Consent Order Levying a Fine
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FINDINGS OF FACT:

1. The Office of the Insurance Commissioner (OIC) conducted a market conduct examination of Equitable of Insurance Company of Iowa for the period covering January 1, 1992 through June 30, 1996. The examination focused on the company's marketing and sales practices, agent activity, and replacement activity.
2. The examination reviewed the company's agent appointment procedures and found that twenty-two agents had submitted policy applications prior to being appointed by the company.
3. The examination reviewed the company's replacement procedures and found a high level of activity. Thirty-four replacement policies were randomly selected for analysis, ten of which contained procedural errors. The most common error was the failure to provide existing insurers with three days notice of the replacement policy.
4. The examination reviewed the company's sale practices. The OIC has made a determination that there was one instance where an agent had misrepresented a life insurance policy and sold it to a consumer as a pension plan.
5. Equitable Life has taken substantial steps to remedy the problems uncovered in the market conduct examination. The company has improved training and oversight of agents, and created internal systems to monitor its activity and ensure compliance with Washington law.
6. The OIC finds that Equitable Life did not commit these violations intentionally. The company has acted in good faith in trying to resolve this matter.

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CONCLUSIONS OF LAW:

1. Equitable Life's use of unappointed agents is a violation of RCW 48.17.160 and WAC 284-17-420.
2. Equitable Life's failure to ensure that company personal and agents comply with Washington Replacement Regulations is a violation of WAC 284-23-400 et. seq.
3. The misrepresentation of a life insurance policy as a pension plan is a violation of RCW 48.30.010 and RCW 48.30.090. The Company is responsible for ensuring that its agents comply with the laws and regulations of the state of Washington governing misrepresentation of policies.
4. RCW 48.05.185 authorizes the Commissioner to impose a fine in lieu of the suspension or revocation of a company's certificate of authority.

CONSENT OF ORDER:

Equitable Life Insurance Company of Iowa hereby consents to the foregoing Findings of Fact and Conclusions of Law.

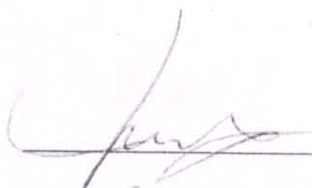
In light of the remedial action of the company has taken, and the good faith it has demonstrated, the Commissioner has offered a settlement in lieu of suspending or revoking the company's certificate of authority.

Equitable Life hereby consents to pay \$75,000 as a penalty for its violations of RCW 48.17.160, WAC 284-17-420, WAC 284-23-400 et. seq., RCW 48.30.010, and RCW 48.30.090.

This fine will be paid in full within thirty days of the entry of this order. Pursuant to RCW 48.05.185, failure to pay the fine within the allotted time shall constitute grounds for revocation of the insurer's certificate of authority, and for the recovery of the fine in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the state of Washington.

Equitable Life acknowledges its duty to comply fully with the applicable of the state of Washington.

EXECUTED this 22 day of July, 1998.


Title: General Counsel

James Mumford

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ORDER:

Pursuant to RCW 48.05.185, the Insurance Commissioner hereby imposes a fine of seventy-five thousand dollars upon Equitable Life Insurance Company of Iowa. The fine must be paid in full within thirty days of the date of entry of this order. Failure to pay the fine within the allotted time shall constitute grounds for the revocation of the insurer's certificate of authority, and for the recovery of the fine in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the state of Washington.

ENTERED AT OLYMPIA, WASHINGTON, this 27th day of July 1998.

DEBORAH SENN
Insurance Commissioner

By

Jeff Coopersmith
Jeffrey Coopersmith
Chief Enforcement Attorney